

APPENDIX C: PAYING AGENTS

INTRODUCTION

This appendix provides guidance to paying agents who serve as agents for and in the name of a finance commander. Commissioned officers, warrant officers, enlisted members, or civilian employees satisfactory to the appointing officer may be appointed as paying agents (see Volume 5, DODFMR, Disbursing Policy and Procedures --DOD 7000.14-R). This guidance emphasizes the agent's responsibility for the proper safeguarding and disbursement of public currency. Paying agents are appointed to perform specific duties: either they are appointed to support the local procurement process, or they are appointed to provide support to individuals. Agents cannot perform both duties.

METHOD OF APPOINTMENT

A paying agent is appointed by a commander (normally battalion or separate company). A sample appointment order is shown at Figure C-1 on page C-10. This document specifies the finance commander to whom the agent is appointed, the types of payments to be made, the unit to be paid, the duration of appointment, and the maximum amount to be advanced.

The paying agent checks the appointment order for correctness and keeps it in his possession while performing duties as a paying agent. Forward a copy of the appointment order will be forwarded to the finance commander to which the paying agent is appointed. The finance commander keeps a copy of the appointment order until the order expires or is revoked.

Newly appointed paying agents must immediately contact the finance commander to receive a detailed briefing before they are advanced currency. Agents must receive from the finance commander a copy of the current paying agent instructions and become thoroughly familiar with all responsibilities. Paying agents will sign a written statement for permanent file with the disbursing officer (DO), acknowledging understanding and receipt of the oral and written instructions.

COMMANDER'S RESPONSIBILITIES

Commanders appoint paying agents and ensure the agents know their responsibilities and duties. In addition, unit commanders provide resources such as transportation, security containers, weapons, ammunition, and armed guards for the paying agent's use. The type of transportation and the number of guards considered adequate are based upon the amount of currency involved, the distance and terrain to be covered, and the overall security of the area where payments will be made. An agent must always be armed and have at least one armed guard. Commanders will ensure that other duties assigned to a paying agent do not interfere with or delay the performance of the agent's paying functions.

FINANCE COMMANDER'S RESPONSIBILITIES

The finance commander or his designee briefs new paying agents to inform them of their responsibilities. He also gives them detailed written instructions regarding the specific functions the agent is to perform, safeguarding and expeditious return of currency, and other instructions deemed necessary.

SAFEGUARDING PUBLIC CURRENCY

Paying agents must acknowledge receiving currency by signing DD Form 1081, Statement of Agent Officer's Account. The safeguarding of this currency is a personal responsibility of the paying agent until it is returned to the finance unit. Failure to safeguard currency may result in an agent being held pecuniarily liable if any currency is lost. A paying agent will not entrust currency or accountable instruments to any other person for any reason.

The agent will make every effort to complete all payments and return currency and payment documents as quickly as possible on the same day the currency was advanced, or as the finance commander directs.

If currency is to be retained overnight, the agent must secure it in a fire-resistant safe with a three-position, dial-type combination lock for which only he has the combination. A field safe chained to an immovable object with a 24-hour posted armed guard is permissible if the type of safe described above is not available. Armed guards must be thoroughly instructed about their responsibilities. A file cabinet with a three-position combination lock or steel bar is not adequate for safeguarding public currency. If currency is placed in an approved safe by the agent, the armed guard(s) must secure the area of the safe (see Volume 5, DODFMR, Chapter 3, para 030401 C). When transporting public funds, base the number of armed guards on the amount to be protected, the distance and terrain to be covered, and the type of transportation to be used. When funds are held for use in the transaction of daily business, the use of armed guards to safeguard these funds is discretionary.

If these provisions cannot be met, the currency and paid documents must be turned in to the finance unit by the agent for safekeeping. The agent must arrange to receive the currency the following day and return to the finance unit upon accomplishing the mission.

Agents are directly responsible to the finance commander from whom the currency is obtained. The US Treasury may legally look to either the finance commander or the paying agent to recover any lost or improperly disbursed public currency. Therefore, a paying agent must not:

- Use entrusted currency for any purpose other than that which is specifically stated on the appointment orders.
- Lend, use, convert to his own use, deposit in any bank, or exchange for other currency, or commingle any portion of the entrusted currency, except as specifically instructed by the finance commander.
- Mix entrusted currency with personal, nonappropriated, or other currency.

- Act as witnessing officer of payments.
- Be designated as the agent of another agent.
- Act as guard for another agent.
- Act as both the ordering officer and paying agent.
- Authorize solatium payments (see page 3-14).

TYPES OF SUPPORT

Paying agents provide both local procurement support and individual support. Local procurement support entails the purchase of supplies and services from the local economy in order to meet logistical shortfalls. Individual support entails making payments, cashing checks, and making foreign currency conversions for individual servicemembers.

LOCAL PROCUREMENT SUPPORT

The commander will appoint a paying agent on an additional duty appointment order. This appointment authorizes the paying agent to disburse public currency IAW the special instructions stated in the appointment and the written instructions provided by the finance commander. The ordering officer whom the paying agent supports will receive separate instructions from contracting officials. The agent will only provide support for local procurement efforts; he will not provide any individual support.

The paying agent or ordering officer maybe held personally liable for any payment not in accordance with the appointment orders or prescribed instructions. The paying agent cannot simultaneously serve as the ordering officer. The paying agent will use an official credit/debit card when applicable; if not, the paying agent will take the following actions.

- Review all SFs 44, Purchase Order - Invoice - Voucher, prepared by the ordering officer.
- Disburse currency for the goods or services as stated on the SF 44 but only after receiving that form approved by an ordering officer.
- Pay for purchases not to exceed \$2,500 per vendor per day. (An agent may not split purchases between two or more vouchers in order to circumvent the \$2,500 limitation.)

Clear his account with the finance commander.

PROCEDURES

REFERENCE: Volume 5, DODFMR, Disbursing Policy and Procedures (DOD 7000.14-R).

POLICY: That all procurement documents reviewed by the finance unit are properly prepared, verified, and controlled for accounting purposes. That all laws and regulations in regard to procurement payments are enforced. When applicable,

paying agents will use official credit/purchase cards for local procurement; otherwise, the following procedures will be used.

PROCEDURES:

Paying agent will ensure the following is completed on SFs 44 (see Figure C-2 for sample SF 44).

- (1) Block 1. Date prepared.
- (2) Block 2. Order number: The number identifying the purchase transaction will be in sequence.
- (3) Block 3. Seller's name and address.
- (4) Block 4. Name and address of unit.
- (5) Block 5. Individually list items ordered with proper identification numbers. Use additional SFs 44 as continuation sheets if more space is needed to list all items ordered.
- (6) Block 6 through 9. Self-explanatory.
- (7) Block 10. Negotiate for a government trade discount and for prompt payment; insert the information on SF 44s.
- (8) Block 11. Not used.
- (9) Block 12. Put "Department of the Army," then finance unit and mailing address.
- (10) Block 13. Signature and title of ordering officer.
- (11) Block 14. Enter project reference and correct accounting classification.
- (12) Block 15 through 17. Only individual authorized to receive service or supplies will sign in the block titled "Received by" on copies 3 and 4. (Ordering officers cannot sign for receipt.)
- (13) Block 18. Completed by seller and deputy/agent.

INDIVIDUAL SUPPORT

The commander will appoint a paying agent on an additional duty appointment order. This appointment authorizes the paying agent to disburse public currency IAW the special instructions stated in the appointment and the written instructions provided by the finance commander. The agent will only provide individual support; he will not provide local procurement support. As directed, agents may provide individual support to soldiers, sailors, airmen, Marines, and authorized civilians.

PLANNING FOR SUPPORT

The paying agent will ensure that arrangements for qualified armed guards and transportation are adequate. Routes and times should be changed frequently to avoid developing routines and patterns in transporting currency. Prior coordination should be made for preparing the pay area with tables, chairs, lighting, and other necessary supplies. Emphasis will be placed on acquiring a secure or easily secured quiet area. For efficient use of time, a schedule for payment of units or individuals should be established.

An agent will take appropriate precautions while currency is in his possession. When traveling, he should keep the unit informed of his location and expected time of

arrival. If the agent is to travel outside the normal pay area, he should notify the finance commander.

Collections or solicitations for donations will not be performed by a paying agent while engaged in the paying function. If authorized, these activities must be performed separately and away from the pay area.

INDIVIDUAL SUPPORT FUNCTIONS

The following paragraphs describe additional paying agent functions.

Receiving Currency

A paying agent will be told when and where currency is to be made available. The agent will report as scheduled and have items listed below.

- Military identification card.
- Copy of appointment orders.
- Weapon and ammunition.
- At least one armed guard.
- Military vehicle.

After verification of the agent's identity, the finance commander or deputy advances currency to the agent. Currency amounts are recorded on DD Form 1081, which is signed by the finance commander or authorized deputy and the paying agent. The agent counts the money received in the presence of the finance commander or his authorized representative to ensure the amount is accurately recorded on the DD Form 1081. Money bands (currency straps, bill wrappers) on currency will not be destroyed until verification has been made. The money bands identify the activity and the individual that prepared each bundle. The agent must verify all items.

The finance commander will be notified immediately of any discrepancy in either cash or checks received. The finance commander reconciles any discrepancies. Under no circumstances will the agent leave the finance unit until he is completely satisfied that the amount of cash received agrees with the amount shown on the DD Form 1081.

Upon leaving the finance unit, the agent and guard will go directly to the pay site. Upon arriving at the pay site, the paying agent establishes security measures.

The paying agent will negotiate only one payment at a time. After the agent identifies the payee, gets the payee's signature, and secures the signed instrument, payment is made. Special attention will be given to first names, middle initials, and social security numbers. Count out the amount of currency required for the payment, count it again to the payee during payment, and then have the payee count it to verify accuracy. Unsigned instruments, monies, and signed instruments are returned to the finance commander after all reasonable attempts to pay the individuals have been made.

Cashing US Treasury Checks

This involves an exchange of US currency for a Treasury check. The paying agent obtains currency from the finance unit and goes directly to the pay area. The number of individuals cashing these checks varies.

Sufficient currency is advanced to the agent to meet anticipated requirements based upon an experience factor developed by finance personnel. Since the amount of currency needed to cash Treasury checks cannot be determined in advance, the paying agent must consider cash availability when presented with a Treasury check. Procedures for obtaining identification and signature on the reverse (back) of each check are followed.

The agent then secures the check and pays the soldier using the following three-count system. First, the agent counts the amount of currency required to pay a single Treasury check from the cash box; he then counts the sum again to the payee during payment; the payee then counts the currency to verify for accuracy before leaving the pay point. The agent then returns the payee's ID card. Payment in this manner provides a reliable three-count system which ensures accurate payments. After the agent completes the payments, he returns all signed checks and remaining currency to the finance unit.

Negotiating Other Instruments

Appointment orders will indicate the types of negotiable instruments the paying agent is authorized to cash.

Authorization for paying agents to cash personal checks, traveler's checks, US postal money orders, cashier/official checks, credit union share drafts, and telegraphic money orders will be obtained from the finance commander prior to negotiating the instrument.

Finance commanders will provide paying agents with a written notice to inform individuals cashing personal checks that checks returned for any reason will result in immediate collection from their pay account. This notice must be posted at the paying location.

Exchanging Currency

The paying agent receives an advance of foreign currency to exchange for US currency. The foreign currency is exchanged at the same rate at which the foreign currency was advanced to the agent on a DD Form 1081. Normally, even increments of money (multiples of \$5) are exchanged to promote accuracy and to make the process as quick as possible. These same procedures apply to exchanges between foreign currency and scrip and to exchanges between US currency and scrip. The paying agent will receive additional specific instructions from the finance commander.

Complete changeouts from one currency or scrip to another may be required. The FINCOM commander will promulgate specific policy and procedures should a changeout become necessary.

Entrusting And Disposing Of Currency

An agent will return all entrusted currency before going on temporary duty, leave, or other assigned missions. If he must depart before returning all currency and vouchers, he will notify the finance commander before leaving. The finance commander may direct the agent to turn in the currency to the nearest military finance unit, at which time the finance commander involved clears the agent's account.

If hostile action occurs while the paying agent possesses currency, he will make every effort to return his advance to the original finance unit. If doing so is not possible, he will take one of the following actions depending on the tactical situation:

- Return the currency to the nearest finance unit and obtain a receipt.
- Evacuate the currency to a secure area determined by the agent's commander.
- Keep the currency in his possession until the tactical situation stabilizes to the extent that one of the above alternatives is feasible.
- Destroy the currency (Procedures for destruction of currency are contained in Appendix B.)

After the situation stabilizes, the agent informs the finance unit of the disposition of the currency and requests further instructions.

Turning In Currency And Clearing Accounts

If a discrepancy is discovered and the agent cannot correct it, he suspends further payment and immediately notifies the finance commander. The finance commander takes appropriate action in accordance with Volume 5, Chapter 6, DODFMR, Disbursing Policy and Procedures (DOD 7000.14-R). If the paying agent fails to properly account for funds, he may be held liable for the funds, subject to an investigation.

Balancing of Paid and Unpaid Amounts

The paying agent balances his account and places entrusted currency and pay documents in proper order before returning to the finance unit. He should separate and total by group US currency, checks for cash, paid vouchers, negotiated checks, and foreign currency. The total of US currency plus paid (signed) checks, paid (signed) vouchers, and foreign currency (US cash equivalent) should equal the amount advanced on DD Form 1081. The agent will assemble all cash by denomination and in bundles of 100 to help efficiently clear the account.

Returning Currency

The return of currency should be made at a time specified by the finance commander. To relieve the agent of accountability, the return will be made personally as soon as possible. If the agent is unable to return the currency as scheduled, he will notify the finance commander immediately.

Clearing Accounts

To clear the account, the finance commander's representatives will do the following actions.

- Receive the return.
- Verify the correctness of endorsements on paid documents.
- Group and total all pay documents.
- Determine the amount of the cash turn-in.
- Prepare and verify the correct balance on DD Form 1081 for return.
- Verify the cash turn-in with DD Form 1081.
- Have the agent sign DD Form 1081, returning his account to zero.
- Obtain the signature of the disbursing officer to complete the turn-in and relieve the agent of responsibility.
- Notify the finance commander of any discrepancy.

Disposing of DD Form 1081

Copies of the DD Form 1081 which relieve the paying agent of responsibility will be kept by the agent for one year. If there is a quarterly cash count, 90-120 days is adequate retention.

IDENTIFICATION OF THE PAYEE

A payment will not be made by the agent until positive identification of the payee has been established by using an official US Armed Forces ID card. Identification by other means (DOD civilians, dependent, or foreign national ID cards) may be authorized by the responsible finance commander. Payment is authorized to the payee only. Presentation of a power of attorney is not acceptable for payment. Doubtful cases are always referred to the finance commander.

SIGNATURE OF THE PAYEE

After making positive identification, the paying agent obtains a proper signature before payment is made. The payee's signature on the document or the payee's electronic signature is the only physical proof that payment was made. Before payment is made, the document will be signed or the electronic signature annotated in the presence of the agent as the name appears on the document or on the computer screen. The payee's signature must be written in black or blue-black permanent ink in the proper place. Pay vouchers are to be signed on the front. Signatures are required on original pay vouchers only. Treasury checks will be endorsed on the reverse (back) side only within the one-inch area at the end identified for that purpose.

If the payee is unable to write, he may indicate receipt of payment by signing with the mark "X." In such instances, the signing must be witnessed by a disinterested party,

and the witness' unit address and signature must be recorded. A witness may be a commissioned officer of the payee's organization or some other person specifically authorized in writing by the organization commander to perform this function. Positive identification of the witness is always required.

EMERGENCY PROCEDURES

If the paying agent becomes incapacitated for any reason (e.g., illness, accident), the advance must continue to be secured. When the incapacitation occurs, the advance must be immediately secured by the paying agent's commander or authorized representative and placed in a proper safe.

At least two disinterested officers will verify all currency, coin, and documents and provide a written certification to the paying agent's commander for his signature. One of these officers will return all funds, checks, and vouchers along with the commander's certification to the finance unit. Finance personnel balance and verify the return, as the two disinterested officers act as witnesses.

If the currency and documents are correct, the finance commander completes the DD Form 1081 relieving the agent of responsibility. A copy of the completed DD Form 1081 is delivered to the agent. If the currency or payroll needs to be advanced again, the finance commander makes appropriate arrangements.

OFFICE SYMBOL (MARKS)	DATE
MEMORANDUM FOR (1)	
SUBJECT: Appointment as Paying Agent	
<p>1. Effective <u>(2)</u>, you are appointed as a Paying agent to <u>(3)</u>, Commander, 115th FINANCE BATTALION, 10th Corps. The maximum amount you can be advanced is \$ <u>(4)</u>.</p> <p>2. Authority: Volume 5, DODfmr (DOD 7000.14-R), paragraph 020604.</p> <p>3. Purpose: To make \$50.00 soldier combat payments for <u>(unit)</u>.</p> <p>4. Period: <u>(5)</u>.</p> <p>5. Special instructions: You will not entrust/advance your currency advance to others for any purpose or reason. You will familiarize yourself with FM 14-100, Financial Management Operations, especially Appendix C, Paying Agents. Upon receipt of the finance commander's instructions, you will read and discuss them with finance personnel so that you fully understand your responsibilities and liabilities before you depart the finance unit. You will at all times properly protect your currency advance and paid vouchers as outlined in your instructions and IAW Volume 5, DODfmr, Disbursing Policy and Procedures (DOD 7000.14-R). You will properly identify all individuals you pay. You will immediately notify the finance commander of any discrepancies as soon as detected. You will turn in currency and paid vouchers to the finance unit immediately upon completion of your mission. (6)</p>	
CF: Commander 115th FB Commander, C Co, 1st Bn BN S-1	XXXXXXXXXXXXXXXXXXXX LTC, IN Commanding
Notes: (1) Agent (grade, name, SSN, unit). (2) Effective date of appointment order. (3) Finance commander to whom agent appointed. (4) The total amount necessary to complete the mission. (5) Specified period of appointment. (6) Any specified instructions deemed appropriate. (7) Agent's commander or individual authorized to sign for commander.	

Figure C-1

C-11